

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-05 TRSE-00 FRB-03

OMB-01 SSO-00 INRE-00 L-03 STRE-00 /057 W

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O R 140754Z OCT 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 6544

INFO USMISSION GENEVA

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STR FOR SMITH

GENEVA FOR PHELAN

E.O. 11652: N/A

TAGS: ETRD, RP

SUBJECT: TEXTILES: BILATERAL TEXTILE AGREEMENT

REF: STATE 237208

1. EMBASSY HAS RECEIVED LETTER DATED OCTOBER 13, 1977 FROM
TEXTILE EXPORT BOARD (TEB) CONCERNING US-GOP BILATERAL TEX-
TILE AGREEMENT. BODY OF LETTER FOLLOWS: BEGIN QUOTE:

THANK YOU FOR SENDING US COPY OF THE CABLE WITH THE
TABLES ENTITLED "PHILIPPINES 1/1/78 - 12/31/78 TRADITIONAL
APPAREL" AND "PHILIPPINES: TEXTILE & APPAREL CATEGORY TRANS-
LATION BASED ON GENERAL IMPORTS YE 4/77 (COTTON & MAN-MADE
FIBER) AND CY 1976 (WOOL) AND CURREND RESTRAINT LEVELS WHERE
NOTED BY "L" FOR 1978 AGREEMENT YEAR." WE ARE NOW GOING
OVER THEM BUT AT THE OUTSET A NUMBER OF QUESTIONS HAVE AL-
READY ARISEN, NAMELY:

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1. WILL THESE FIGURES BE THE BASES FOR THE CONSUL-
TATIONS IN WASHINGTON SCHEDULED FOR NOVEMBER 8 - 11
OF THIS YEAR?

2. WHY IS THE OVERALL AGGREGATE (AND TOTALS OF MANY
CATEGORIES) VERY MUCH LESS THAN THOSE EXISTING IN
OYTHE PRESENT AGREEMENT WHICH IS EFFECTIVE UP TO DE-

CEMBER 31, 1978?

3. WHY ARE SOME CATEGORIES, SUCH AS 59 T AND 240 T, NOT REFLECTED? HOW WILL THESE CATEGORIES BE TREATED?

4. WHAT IS THE RATIONALE FOR USING YE 4/77 AS THE BASIS?

IT WILL BE RECALLED THAT IN GENEVA, WE AGREED TO EXTEND THE SECOND QUOTA YEAR TO DECEMBER 31, 1977 AND THE THIRD QUOTA YEAR TO DECEMBER 31, 1978. WE WERE INFORMED OF THE NEW CATEGORIZATION WHICH WILL TAKE EFFECT JANUARY 1, 1978 AND THAT CONSULTATIONS WILL, THEREFORE, HAVE TO BE MADE PRIOR TO THE END OF THIS YEAR TO FAMILIARIZE US WITH THE SAME. IT WAS FOR THIS REASON THAT WE REQUESTED FOR AN ADVANCE COPY OF THE DOCUMENT THAT WILL BE DISCUSSED IN WASHICCTON SO THAT WE CAN STUDY THE SAME AND SECURE WHATEVER AUTHORIZATION WE WOULD NEED PRIOR TO OUR DEPARTURE.

WE WERE EXPECTING, THEREFORE, THE TEXT OF A NEW CATEGORIZATION OR AT THE VERY LEAST, A MERE TRANSLATION OF THE CATEGORIES APPEARING IN OUR PRESENT AGREEMENT AS MODIFIED BY EXCHANGE OF NOTES TO THE NEW SYSTEM OF CATEGORIZATION.

WE NOTE FROM THE CABLE, HOWEVER, THAT THE TRADE ANALYSIS IS THE PAPER PROMISED IN GENEVA (PAR. 2) AND THE LIMITED OFFICIAL USE

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FOREGOING QUESTIONS HAVE THUS ARISEN.

YOU WILL APPRECIATE THAT WE BARELY HAVE TIME TO PREPARE FOR THE CONSULTATIONS SCHEDULED FOR NOVEMBER 8 - 11 OF THIS YEAR SO IT IS EARNESTLY REQUESTED THAT WE BE CLARIFIED ON THESE ISSUES SOONEST AS OTHERWISE, WE MAY NOT BE ABLE TO COMPLETE OUR PREPARATIONS FOR THE AFOREMENTIONED CONSULTATIONS. END QUOTE.

2. COMMENT: UNDERSECRETARY PIO DO RODA AND TEXTILE EXPORT BOARD (TEB) ARE VERY CONCERNED THAT THE "ANALYSIS" OF THE NEW CLASSIFICATION SYSTEM (REFTEL) REPRESENTS AN ATTEMPT TO RENEGOTIATE TEXTILE LIMITATION LEVELS FOR CY 1978, LOWERING THEM TO THE LEVELS OF CURRENT TRADE. EMBASSY OFFICER HAS EXPLAINED TO TEB OFFICIALS THAT "ANALYSIS" IS NOT A US NEGOTIATING POSITION, BUT RATHER A STUDY WHICH WOULD SERVE AS THE BACKGROUND INFORMATION FOR TALKS IN NOVEMBER. TEB OFFICIALS, HOWEVER, REMAIN SKEPTICAL AND ARE HESITANT TO AGREE TO DISCUSSIONS IN WASHINGTON ON BASIS OF THIS ANALYSIS. THEY HAVE REQUESTED THAT US FURNISH AS SOON AS POSSIBLE DETAILS OF LIMITATION LEVELS BASED ON NEW CATEGORIZATION SYSTEM, SO THAT GOP WOULD HAVE SOME BASIS FOR PREPARING POSI-

TION FOR WASHINGTON TALKS.

3. IN VIEW EXTREME CONCERN IN GOP CIRCLES HERE, SUGGEST
MINISTER MICHAEL B. SMITH CONTACT UNDERSECRETARY PIO DE
RODA DIRECTLY, EITHER BY TELEPHONE, TELEX OR CABLE SENT
VIA EMBASSY MANILA, REASSURING HIM THAT RECLASSIFICATION
IS NOT AN EFFORT TO COMPLETELY RENEGOTIATE AGREEMENT AND
TO LOWER LIMITATION LEVELS. AS MATTERS STAND, WE DO NOT
BEPKEVE GOP DELEGATION WILL ATTEND WASHINGTON TALKS UN-
LESS THEY RECEIVE THESE ASSURANCES AND POSITION PAPER
FROM US OUTLINING LIMITATION LEVELS BASED ON NEW CATEGORY
SYSTEM. END COMMENT.

DECON UPON RECEIPT.
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Message Attributes

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Copy: SINGLE
Sent Date: 14-Oct-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
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